



Briefing Papers

Boarding Schools, School Term Hostels and Second Home Portfolio

The Isolated Children's Parents' Association of Australia, ICPA(Aust), is a voluntary, apolitical, national parent organisation advocating on behalf of our members for equity of access to appropriate education for children living in rural and remote areas.

A unified and collaborative approach to the education of rural and remote students is vital to the retention of a skilled workforce in the remotest areas of Australia. Providing families with the means to provide their children equitable educational opportunities and outcomes to their urban counterparts will serve to foster a skilled and experienced labour force regardless of geographical location. All State and Territory Governments need to be united in their pledge to empower these families so students who must live away from home to access an appropriate education regardless of where they live, feel supported and valued.

SUMMARY

- **Issue 1:** Fringe Benefits Tax (FBT) exemption for schools/boarding facilities providing on site living facilities for essential supervisory staff on that accommodation.
- **Issue 2:** Fringe Benefits Tax (FBT) exemption for businesses who would like to provide financial assistance to employees residing in geographically isolated areas, to enable their children to attend boarding schools.

Issue 1. It is critical that the Federal Government change the policy on Fringe Benefits Tax (FBT) as it currently applies to essential boarding school staff required to "live in" to perform their duty of care of residential students in metropolitan boarding institutions. This tax negatively impacts on the cost of an equitable education for isolated students.

The Australian Boarding School Association, Boarding Schools & ICPA Australia have been lobbying for the Fringe Benefits Tax (FBT) on essential boarding school staff to be removed.

The removal of the FBT on residential accommodation for essential supervisory staff employed by boarding schools will significantly reduce the costs incurred by some boarding schools.

Boarding Schools who offer live in options for their staff should be recognised with a FBT exemption. (Motion.S2, 2024)

It is obvious that boarding schools must charge fees that cover costs incurred to them. Staff wages are a clear example of expenses that must be factored into boarding school fees.

However, if some of the taxes that are currently applied to boarding schools were removed, the fees charged to families could also be lessened.



The removal of the Fringe Benefits Tax (FBT) on residential accommodation for essential supervisory staff could significantly reduce the costs incurred by some boarding schools. The Australian Boarding Schools' Association (ABSA) estimates that the FBT on the residential accommodation for the boarding schools in large cities adds an average of approximately \$2000 per child. Staff accommodation is a fundamental necessity of a boarding school. Boarding school staff must live on site to supervise the boarders in their care.

Educational expenses are considerably high for families who must send their children to boarding school due to geographical location. Unfair taxes are adding to the high costs of educating students from rural and remote areas. The Fringe Benefits Tax (FBT) that is applied to essential boarding staff in large cities is one example of the taxes that are impacting affordability and accessibility to an equitable education.

Unfair taxes like these are adding to the high cost of educating students from rural and remote areas. In addition, the taxes appear to be levied across sectors in a most inequitable and inconsistent manner. For example, FBT is applied to boarding supervisors' accommodation, yet it is not levied on aged care facilities or military establishments. As another example, GST is levied on boarding school food, yet not on the food provided in aged care facilities.

Boarding associations and boarding schools have been lobbying for the Fringe Benefits Tax on essential boarding school staff to be removed. ICPA (Aust) supporting this advocacy and assisting in raising awareness of this concern where possible would lend a greater voice to this issue on behalf of rural and remote students.

Issue 2. Employers in geographically isolated areas assisting with the educational costs of children of employees should be exempt of fringe benefit tax for these payments. The cost of accessing compulsory education for geographically isolated children should not be taxed irrespective of who is bearing the cost. Affordable access to boarding schools for employees who work in remote areas provides their children with equitable access to school facilities as those in urban areas.

Currently, when employers offer financial assistance towards the cost of schooling, the payment is deemed a Fringe Benefit and taxed at the rate of 47%. Any contribution made by the employer is compounded with almost half the amount again in tax. (Motion.A8, 2024)

RECOMMENDATIONS:

- **Removal of the Fringe Benefits Tax (FBT) for Businesses wishing to assist employees residing in Geographically Isolated (GI) areas, to enable their children to attend Boarding School.**

(Such mechanisms are already in place for other issues relating to GI families. e.g.: The ATO offers FBT concessions for employers providing housing where there is a lack of sufficient residential accommodation in remote locations)

- **Exemption of the Fringe Benefits Tax (FBT) on accommodation provided by Boarding Schools who wish to assist essential "live in" boarding school staff be approved & implemented.**